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July 16, 2018

To: Supervisor Sheila Kuehl, Chair
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From:

Sachi A. Hamai
Chief Executive Officer

SACRAMENTO UPDATE – COUNTY ADVOCACY ON STATE BUDGET ITEMS RELATED TO THE CLEANUP OF COMMUNITIES SURROUNDING THE EXIDE FACILITY

Executive Summary

This memorandum contains a report on County advocacy on State Budget items related to funding for the cleanup of the communities surrounding the Exide Facility in the City of Vernon and proposed allocations of funding from the Lead-Acid Battery Cleanup Fund (County-supported AB 2153, Chapter 9, Statutes of 2016). The FY 2018-19 State Budget Act (Budget Act) – SB 840 (Mitchell) - was signed by Governor Brown on June 27, 2018.

County-supported Extension of Exide Cleanup Funding

AB 118 (Chapter 10, Statutes of 2016) and SB 93 (Chapter 9, Statutes of 2016) appropriated \$176.6 million as a loan from the State General Fund (SGF) to the California Department of Toxic Substances Control (DTSC) for activities related to the cleanup and investigation of properties contaminated with lead in the communities surrounding the Exide Technologies facility (Exide) in the City of Vernon. The appropriation was set to expire on June 30, 2018, and was not included in the Governor's January Budget. In January 2018, the County began advocating for the elimination of the June 30, 2018 deadline to allow DTSC access to the full \$176.6 million loan appropriation to complete the assessment and cleanup of the communities surrounding Exide.

As part of the Governor's May Revision, the Department of Finance (DOF) requested a re-appropriation of the unencumbered balance of this funding, until June 20, 2021. The County advocated in support of this budget proposal.

The Assembly Budget Subcommittee No. 3 on Resources and Transportation (Assembly Budget Subcommittee) and the Senate Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation (Senate Budget Subcommittee) both approved this proposal, and it was included in the Budget Act.

The Budget Act re-appropriates the unencumbered balance of the original \$176.6 million appropriated in 2016, and provides DTSC authority to expend the funding through June 30, 2021, to complete remediation activities at properties around the Exide Technologies facility in Vernon.

County-supported Augmentation of Exide Funding for Parkways Cleanup

On May 23, 2018, the Assembly Budget Subcommittee approved an augmentation of \$16.0 million from the Lead-Acid Battery Cleanup Fund for the testing and cleanup of residential parkways in the communities impacted by lead contamination by the Exide Facility. The County supported this proposal. The Senate Budget Subcommittee did not consider this proposal.

The Legislature-approved budget included an augmentation of \$6.5 million (\$5.0 million from the SGF and \$1.5 million from the Environmental License Plate Fund) for cleanup of parkways. The budget bill language requires that the \$5.0 million allocation must be encumbered or expended by June 30, 2020, to sample parkways or cleanup parkways that are found to have the highest levels of lead and the greatest risk of exposure for children, pregnant women, and other vulnerable populations. DTSC must also ensure, to the extent possible, that cleanup of parkways occurs at the same time as an adjacent property is being cleaned up.

The budget bill language requires that the \$1.5 million appropriation be used for conducting lead sampling of as many parkways as is feasible and has no sunset date. DTSC must notify the Legislature once it has received the sampling results and recommend to the Legislature whether the testing results support cleaning of parkways adjacent to properties identified as cleanup priorities.

The \$6.5 million augmentation was approved as part of the Budget Act and requires DTSC to encourage the County to provide information to the public about lead abatement resources, including blood lead testing and lead-based paint abatement, and to work with the County to provide that information in a culturally and linguistically appropriate manner.

County-opposed Use of Lead-Acid Battery Cleanup Fund

The Governor's May Revision proposed the use of \$12.2 million of revenues from the Lead-Acid Battery Cleanup Fund to fund five DTSC programs.

The Senate Budget Subcommittee approved three of the proposed allocations from the Lead-Acid Battery Cleanup Fund (for a total of \$7.9 million) and rejected two of the Governor's

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proposals, finding that they had no nexus to contamination caused by the operation of lead-acid battery recycling (as required by AB 2153).

The Assembly Budget Subcommittee approved two uses of the Lead-Acid Battery Cleanup Fund (total \$7.784 million), and approved alternate funding for the three remaining programs that they found were not qualified for funding from the Lead-Acid Battery Cleanup Fund.

The County opposed the May Revision and Budget Subcommittee proposals to fund programs that did not demonstrate compliance with the intent of AB 2153.

The Legislature-approved budget included \$3.7 million in funding for two programs that both the Assembly and Senate Budget Subcommittees found had no nexus to the requirements of the Lead-Acid Battery Cleanup Fund. To fund these programs, the Budget Act transfers \$3.7 million from the Lead-Acid Battery Cleanup Fund to the SGF, and then funds these two programs with SGF revenues.

In total, the Budget Act allocated \$8.53 million directly from the Lead-Acid Battery Cleanup Fund to DTSC, and \$3.69 million indirectly by transferring funds to the SGF which will be allocated to DTSC.

We will continue to keep you advised.

SAH:JJ:MR
OR:AO:sy

c: All Department Heads